INTERNAL REVENUE SERVICE

District Director Department of the Treasury





CERTIFIED

Employer Identification Number:

Person to Contact:

Telephone Number:

Refer Reply to:

Internal Revenue Service

Date: APR 1 3 1995

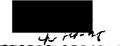
We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on under the nonprofit corporation laws of the state of

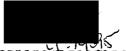
The following statements appear in Article 2 of your Bylaws:

"This corporation is organized for the purpose of managing the Wisconsin mink industry and shall have the following objectives:

- A. Improving the production and sales of mink and fur;
- B. Contracting with any public or private organization for accomplishing the purposes and objectives of the improvement of the mink industry. This may include conducting research on marketing, production, quality, and sale practices; improving methods and practices related to the production, genetics, processing or marketing of mink and fur; developing new and existing markets for mink and mink products and fur; and providing educational programs from producers, buyers and consumers; and
- C. Conducting the affairs of the corporation consistent with the laws of and in a manner accountable to the state's mink producers and fur producers; and
- D. To engage in the education of commercial mink producers on the advantage of profitable marketing and management techniques, and improved animal health standards; and



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- E. To provide a factual mink and fur marketing information to producers; and
- f. To develop and initiate a private sector business which would continue and strengthen the operation of the marketing system.
- G. To review and consider developing a mink and/or fur agricultural marketing order."

Your organization is a membership organization governed by a Board of Directors, consisting of five of your members. Membership in your organization is limited to mink producers. "A mink producer means an individual, partnership, corporation or other business entity engaged as an owner or tenant in the production and sale of mink pelts and mink breeding stock." (Bylaws, Article 4 Organization, Section 1. Board of Directors.)

In your application and supporting statements, you stated that your "organization was set up so the mink ranchers in could form a unified board to sell the mink pelts to the end user. This with the intention of obtaining better selling prices for the participating ranchers. By setting up the organization and using one local sales representative the ranchers are able to present buyers with more pelts and can guarantee higher quality pelts. They receive better advertisement and presentation."

To achieve this objective you have contracted with a self-employed sales representative of . He is responsible for contacting potential buyers, presenting the products for sale (mink pelts), and negotiating and setting up contracts with buyers. You do not have any salaried employees and do not propose to have any in the near future.

Gross receipts sales of the mink pelts are approximately dollars per year and proceeds from these sales account for approximately of your total revenues. Out of these revenues a commission is paid to your sales representative, distributed pro rata to member ranchers. The sale of mink pelts and the pro rata distribution of the proceeds to member ranchers is far and away your primary activity.

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

"AUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 50%(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder.

In Revenue Ruling 59-234, 1959-2 C.B. 149, the Internal Revenue Service considered whether the operation of a multiple listing system by an otherwise exempt real estate board would cause it to be denied exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code. The actual function of the multiple listing system involved the listing of properties for sale by their owners with a real estate broker, under an "exclusive listing contract," which became available to all other broker-members of the board. Upon receipt of a listing the board forwarded it, with all pertinent information, to its other broker-members. Such listings became the property of the board for a stated period of time, and, upon a sale during this period, a certain percentage of the normal commission was allocated to the board as a fee or commission, the remainder being divided between the selling and listing brokers pursuant to a prearranged schedule. The question for determination was whether the operation of a multiple listing service constituted the performance of particular services for individual persons and whether the operation of a real estate multiple listing service is a business of a kind ordinarily carried on for profit, both within the meaning of section1.501(c)(6)-1 of the regulations. It was concluded that "the multiple listing systems as operated by real estate boards is inherently designed for the rendering of particular services for individual members as a convenience and economy in the conduct of their respective businesses."

Therefore, instead of primarily engaging in activities for the improvement of business conditions within the real estate business generally, the organization was performing particular services for its members through the maintenance and operation of its multiple listing system by providing them with listings of properties for sale, which served them as a convenience and economy in the conduct of their businesses. It was further concluded that the operation of a real estate multiple listing service constitutes a business of a kind ordinarily carried on for profit. Accordingly, it was held that, where the primary purpose or activity of a real-estate board is the operation of a multiple listing system, the real-estate board is not entitled to exemption from Federal income tax as an organization described in section 501(c)(6) of the Code.

As your primary activity is the collective selling of members' mink pelts and the pro rata distribution of the proceeds to member ranchers as a convenience and economy in the conduct of their respective businesses, you are rendering particular services to your members. The services provided by you perform an integral function of your members' businesses and, in the absence of the service provided by you, your members would have to perform such functions for themselves. Therefore, instead of primarily engaging in activities for the improvement of business conditions within one or more lines of business, you are performing particular services for your members. As a result, we conclude you are not an organization of the type described in section 501(c)(6) of the Code and are not ent tled to exemption from Federal income tax as an organization described in section 501(c)(6).

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies.

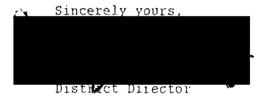
You are required to file Federal Income Tax Returns.

Contributions made to you are not deductible by the donors as charitable contributions as defined in Section 170(c) of the Code

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

If we do not hear from you within 30 days from the date of this letter, this determination will become final.



Enclosures:
Publication 892
Form 6018